

27 November 2014

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20 Bond Street  
SYDNEY NSW 2000

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Dear Sir

**Carbon Conscious Limited Appendix 4E Final Report and Accounts  
for the year ended 30 September 2014**

The Directors of Carbon Conscious Limited (the Company) are pleased to present to the market the Preliminary Final Report (ASX Appendix 4E) for the financial year ended 30 September 2014.

**Yours faithfully**



**Andrew McBain**  
**Executive Director**

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# **CARBON CONSCIOUS LIMITED**

ABN 20 129 035 221

ASX Preliminary Final Report  
Appendix 4E

30 September 2014

Lodged with the ASX under Listing Rule 4.3A

## Results for Announcement to the Market

### Consolidated

		<b>2014 \$'000</b>	<b>2013 \$'000</b>
Revenue from ordinary activities	Up 265%	2,655	727
Loss before income tax	Down 37%	(3,040)	(2,224)
Total comprehensive (loss)/income for the year	Down 5220%	(2,048)	40

In 2013 the Company changed its financial year from June to September. The 2013 comparison year in this report is only showing the three months from 1 July to 30 September 2013. In the 2014 financial year, the Company received revenue and incurred expenses associated with contracts to plant trees for carbon sequestration and managing plantations on behalf of clients both in Australia and New Zealand. The revenue and resultant profit/loss for the year reflects this activity.

### Dividends

No dividends have been paid or declared since the start of the financial period and the directors do not recommend the payment of a dividend in respect of the financial period.

### Review of Operations

The majority of the Company's activities and cash-flow (circa 85%) are based on managing carbon plantation assets for customers with the remainder of cash-flow being generated from new business or balance sheet carbon sales.

Due to the lower price outlook for ACCU's (Australian Carbon Credit Units) under the Direct Action policy in Australia, the Company has decided to write down a component of its balance sheet carbon plantation, which will be directly impacted by an expected lower price. The write down includes the balance sheet plantation values, land and seed stocks to a value of \$2.47 million and is expected to be a "once off" write down.

After accounting for the \$2.47 million write down, the underlying EBITDA for the year is \$538,826 and NPAT is \$429,588.

Whilst there has been uncertainty as to the future of carbon markets in Australia throughout 2014, the Company is pleased to confirm that the federal governments Direct Action legislation has now been enacted into law. Direct Action provides a platform for selling ACCU's out till 2022 from established projects and will provide the potential to develop new projects, which the Company is currently evaluating.

Carbon Conscious has long term management contracts (out till 2027 in Australia and 2032 in New Zealand) with major counterparties. The management contracts underpin the cash-flow of the business with circa \$42 million in contracted revenue to be received out till 2032.

Carbon Conscious continues to evaluate new opportunities in carbon farming, agriculture (including sustainable dairy) and clean energy whilst maintaining a continued focus on improving operational efficiencies.

**Preliminary Statement of Comprehensive Income  
For the year ended 30 September 2014**

	Note	<b>2014</b> \$	<b>2013</b> \$
Revenue	3	2,655,231	726,841
Operating expenses		(673,384)	(604,505)
Administrative expenses		(589,497)	(97,024)
Marketing expenses		(21,047)	(3,591)
Employee benefits expense		(619,176)	(154,935)
Occupancy expenses		(213,301)	(25,986)
Finance expenses		(366,168)	(116,250)
Depreciation and amortisation expenses		(735,301)	(3,274,460)
Other costs	4	(2,477,445)	1,325,826
<b>(Loss)/profit before income tax</b>		<b>(3,040,088)</b>	<b>(2,224,084)</b>
Income tax benefit/(expense)	5	987,415	2,151,446
<b>Net (loss)/profit attributable to members</b>		<b>(2,052,673)</b>	<b>(72,638)</b>
<b>Other comprehensive income</b>			
<b>items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translating foreign controlled entities		4,816	112,972
<b>Total comprehensive (loss) / income attributable to members of the parent entity</b>		<b>(2,047,857)</b>	<b>40,334</b>
Basic (loss)/earnings per share (cents per share)	6	(1.97)	(0.07)
Diluted (loss)/earnings per share (cents per share)	6	(1.97)	(0.07)

The accompanying notes form part of these financial statements.

**Preliminary Consolidated Statement of Financial Position  
As at 30 September 2014**

	Note	<b>2014</b> \$	<b>2013</b> \$
<b>Current Assets</b>			
Cash and cash equivalents	9	313,055	308,768
Trade and other receivables		577,592	666,585
Income tax refundable		281,055	976,408
Investments		13,824	12,182
Other assets		414,354	395,751
<b>Total Current Assets</b>		<b>1,599,880</b>	<b>2,359,694</b>
<b>Non-Current Assets</b>			
Intangible assets		3,688,318	3,566,849
Property, plant and equipment		9,872,697	11,889,957
Inventories		378,671	1,994,067
Deferred tax asset		1,023,981	465,001
<b>Total Non-Current Assets</b>		<b>14,963,667</b>	<b>17,915,874</b>
<b>TOTAL ASSETS</b>		<b>16,563,547</b>	<b>20,275,568</b>
<b>Current Liabilities</b>			
Trade and other payables		495,201	796,824
Interest-bearing liabilities		1,891,456	2,559,235
<b>Total Current Liabilities</b>		<b>2,386,657</b>	<b>3,356,059</b>
<b>Non-Current Liabilities</b>			
Interest-bearing liabilities		1,943,500	2,637,429
<b>Total Non-Current Liabilities</b>		<b>1,943,500</b>	<b>2,637,429</b>
<b>TOTAL LIABILITIES</b>		<b>4,330,157</b>	<b>5,993,488</b>
<b>NET ASSETS</b>		<b>12,233,390</b>	<b>14,282,080</b>
<b>Equity</b>			
Issued capital	10	13,392,896	13,358,379
Reserves		1,224,532	1,219,716
Accumulated losses		(2,384,038)	(296,015)
<b>TOTAL EQUITY</b>		<b>12,233,390</b>	<b>14,282,080</b>

The accompanying notes form part of these financial statements.

**Preliminary Consolidated Statement of Changes in Equity  
For the year ended 30 September 2014**

	<b>Issued Capital</b>	<b>Retained Earnings</b>	<b>Option Reserve</b>	<b>Foreign Currency Translation Reserve</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 1 July 2013	13,358,379	(223,377)	899,869	206,875	14,241,746
Profit attributable to members	-	(72,638)	-	-	(72,638)
Foreign currency translation differences	-	-	-	112,972	112,972
Total comprehensive income for the year	-	(72,638)	-	112,972	40,334
<b>Balance at 30 September 2013</b>	<b>13,358,379</b>	<b>(296,015)</b>	<b>899,869</b>	<b>319,847</b>	<b>14,282,080</b>
Balance at 1 October 2013	13,358,379	(296,015)	899,869	319,847	14,282,080
Loss attributable to members	-	(2,052,673)	-	-	(2,052,673)
Foreign currency translation differences	-	(35,350)	-	4,816	(30,534)
Total comprehensive loss for the year	-	(2,088,023)	-	4,816	(2,083,207)
Shares issued during the year	36,250	-	-	-	36,250
Transaction costs on shares issued during the year	(1,733)	-	-	-	(1,733)
<b>Balance at 30 September 2014</b>	<b>13,392,896</b>	<b>(2,384,038)</b>	<b>899,869</b>	<b>324,663</b>	<b>12,233,390</b>

The accompanying notes form part of these financial statements.

**Preliminary Consolidated Statement of Cash Flows**  
**For the year ended 30 September 2014**

	Note	<b>2014</b>	<b>2013</b>
		<b>\$</b>	<b>\$</b>
<b>Cash Flows from Operating Activities</b>			
Receipts from customers		2,701,278	777,201
Payments to suppliers and employees		(2,394,038)	(943,496)
Income tax refund		1,138,898	-
Interest received		6,524	3,420
Interest paid		(322,633)	(56,356)
Other revenue			-
<b>Net cash flows (used in)/generated by operating activities</b>	9	<b>1,130,029</b>	<b>(219,231)</b>
<b>Cash Flows from Investing Activities</b>			
Purchase of property, plant and equipment		-	-
Purchase of intangible assets		-	-
Proceeds from the sale of plant and equipment		176,539	242,509
Purchase of available-for-sale investments		-	(12,182)
<b>Net cash flows used in investing activities</b>		<b>176,539</b>	<b>230,327</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from the issue of shares		36,250	-
Costs on the issue of shares		(1,732)	-
Repayment of convertible notes		(700,000)	-
Payments/(proceeds) from bank bill facilities		(611,500)	(205,000)
Repayment of finance leases		(25,299)	(9,895)
<b>Net cash flows provided by financing activities</b>		<b>(1,302,281)</b>	<b>(214,895)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>4,287</b>	<b>(203,799)</b>
Cash and cash equivalents at beginning of year		308,768	512,567
<b>Cash and cash equivalents at end of year</b>	9	<b>313,055</b>	<b>308,768</b>

The accompanying notes form part of these financial statements.

## Notes to the Preliminary Consolidated Financial Statements For the year ended 30 September 2014

### 1. BASIS OF THE PREPARATION OF THE PRELIMINARY FINAL REPORT

The preliminary final report has been prepared in accordance with the ASX Listing rule 4.3A and the disclosure requirements of ASX Appendix 4E.

This report has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The accounting policies have been consistently applied, unless otherwise stated.

### 2. DIVIDENDS

The directors recommend that no dividend be paid for the year ended 30 September 2014, nor have any amounts been paid or declared by way of dividend since the end of the previous financial year.

### 3. REVENUE

	2014	2013
	\$	\$
Planting income	196,125	119,500
Voluntary carbon sales	32,176	15,723
Land licence / management fees	2,290,745	562,205
Interest received	6,524	3,420
Other income	129,661	25,993
<b>Total revenue</b>	<b>2,655,231</b>	<b>726,841</b>



**Notes to the Preliminary Consolidated Financial Statements  
For the year ended 30 September 2014**

<b>4. OTHER COSTS</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Write down of Plantation Inventory <sup>[i]</sup>	1,693,272	-
Write down of Seed Stock <sup>[i]</sup>	115,463	-
Impairment of Land <sup>[i]</sup>	668,710	(1,325,826)
<b>Write down of Plantation Inventory <sup>[i]</sup></b>	<b>2,477,445</b>	<b>(1,325,826)</b>

<sup>[i]</sup> Plantation inventory comprising trees at cost, seed stock and land associated with the plantation inventory has been written down to reflect the current economic benefit in an uncertain carbon market.

**5. INCOME TAX**

The Company has recognised an income tax benefit in 2014 of \$987,415 (2013: Tax benefit of \$2,151,446).

<b>6. EARNINGS PER SHARE (EPS)</b>	<b>2014</b>	<b>2013</b>
	<b>¢</b>	<b>¢</b>
Basic (loss)/earnings per share (cents per share)	(1.97)	(0.07)
Dilutive (loss)/earnings per share (cents per share)	(1.97)	(0.07)
	<b>\$</b>	<b>\$</b>
(Loss)/profit for the year	(2,052,673)	(72,638)
	<b>No.</b>	<b>No.</b>
Weighted average number of ordinary shares used in the calculation of basic EPS	104,136,783	103,381,988

**Notes to the Preliminary Consolidated Financial Statements  
For the year ended 30 September 2014**

**7. SEGMENT REPORTING**

The Group is managed primarily on the basis of two geographical segments being Australia and New Zealand and one business segment being bio sequestration.

<b>Revenue by geographical location</b>	<b>2014</b>	<b>2013</b>
Australia	2,611,477	726,841
New Zealand	43,754	-
	<u>2,655,231</u>	<u>726,841</u>

**Assets by geographical location**

Australia	13,782,473	17,735,638
New Zealand	2,781,074	2,539,930
	<u>16,563,547</u>	<u>20,275,568</u>

**Net Assets by geographical location**

Australia	9,440,202	11,766,384
New Zealand	2,759,188	2,515,696
	<u>12,233,390</u>	<u>14,282,080</u>

**8. NTA BACKING**

	<b>2014</b>	<b>2013</b>
	<b>¢</b>	<b>¢</b>
Net tangible asset backing per ordinary share	<u>7</u>	<u>10</u>

## Notes to the Preliminary Consolidated Financial Statements For the year ended 30 September 2014

### 9. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of cash flow from operations with profit after income tax:	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>Net (loss)/profit after income tax</b>	(2,052,673)	(72,638)
<b>Non cash-flows in loss</b>		
Loss on sale of fixed assets	282,595	34,517
Employee leave benefits	(21,345)	2,232
Depreciation and amortisation expense	735,301	3,274,460
Impairment of assets	668,710	(1,325,826)
Finance costs	6,135	1,056
Taxation (refund)	(987,415)	(2,151,446)
Increase in inventories	1,812,130	-
Decrease/(increase) in receivables	40,240	(24,462)
Increase in trade and other payables	124,755	98,804
Decrease/(increase) in other assets	521,597	(55,928)
Net cash generated/(used) in operating activities	1,130,029	(219,231)
<b>Reconciliation of Cash</b>		
Cash at bank and on hand	313,055	308,768
Short-term bank deposits	-	-
	313,055	308,768

<b>10. ISSUED &amp; PAID UP CAPITAL</b>	<b>2014</b>	<b>2014</b>	<b>2013</b>	<b>2013</b>
	<b>No.</b>	<b>\$</b>	<b>No.</b>	<b>\$</b>
Ordinary shares fully paid				
At beginning of the financial period	103,381,988	13,358,379	103,381,988	13,358,379
Shares issued during the year	1,450,000	36,250	-	-
Share issue costs		(1,734)	-	-
At 30 September 2014	104,831,988	13,392,896	103,381,988	13,358,379

## Notes to the Preliminary Consolidated Financial Statements For the year ended 30 September 2014

### 11. EVENTS SUBSEQUENT TO REPORTING DATE

There have been no matters or circumstances that have arisen after balance date that have significantly affected, or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

### 12. CONTROLLED ENTITIES

	Country of Origin	Class of Share	Percentage Owned % 2014	2013
Carbon Fund Australia Pty Ltd	Australia	Ord	100	100
Carbon Management Pty Ltd	Australia	Ord	100	100
CCF Holdings NSW Pty Ltd	Australia	Ord	100	100
Carbon Conscious New Zealand Ltd	New Zealand	Ord	100	100
Carbon Conscious Holdings NZ No. 1 Ltd	New Zealand	Ord	100	100
Carbon Conscious Holdings NZ No. 3 Ltd	New Zealand	Ord	0	100

### 13. COMPLIANCE STATEMENT

This report is based on financial statements to which the following applies:

- |  |  |
|--|--|
| <input type="checkbox"/> The financial statements have been audited.   | <input type="checkbox"/> The financial statements have been supplied to review.          |
| <input checked="" type="checkbox"/> The financial statements are in the process of being audited or subject to review. | <input type="checkbox"/> The financial statements have not yet been audited or reviewed. |



**Andrew McBain**  
Executive Director

Date: 27 November 2014